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Audit matters

Report on internal audit and investigation activities for the period from 1 January to 31 December 2015

Summary

This report provides information on the internal audit and investigation functions carried out on the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the period from 1 January to 31 December 2015. These functions are carried out under the Service Level Agreement between UN-Women and the Office of Audit and Investigations (OAI) of the United Nations Development Programme (UNDP). Signed on 6 December 2013, the Service Level Agreement expired in December 2015 and was renewed for an additional two years. The internal audit function is performed by OAI's UN Women Audit Unit in accordance with the financial regulations and rules of UN-Women (UNW/2012/6, annex I). The investigation function is carried out by OAI's Investigations Section. Information on the actions taken and management's response to OAI's report are set out in the annex to this report, which is also available on the UN-Women website. As requested by the Executive Board in its decision UNW/2015/4, this report includes (a) an opinion based on the scope of work undertaken and on the adequacy and effectiveness of the Entity's framework of governance and risk management and control; (b) a concise summary of work and the criteria that support the opinion; (c) a statement of conformance with the internal audit standards being adhered to; and (d) a view on whether the resourcing of their function is appropriate, sufficient and effectively deployed to achieve the desired internal audit and investigation coverage.

The Executive Board may wish to (a) take note of the present report, (b) express its continuing support for the strengthening of the capacity of the internal audit and investigations functions, and (c) take note of the report of the Audit Advisory Committee.

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I. Introduction

1. The present report provides a description of the internal audit and investigation functions in the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the related activities for the year ended 31 December 2015. It includes information regarding the main results of the audits conducted during 2015 and the status of management's efforts to implement the audit recommendations made in the current and prior years' reports. Information is also presented relating to investigation activities, such as the number of new and continuing cases, the nature of the cases and the outcomes of investigations concluded during 2015.

II. Assurance

2. To maximize the level of assurance provided with regard to governance, risk management and internal control, with the resources available, the audits conducted by the UN-Women Audit Unit continue to be focused on those areas of governance, management and operations assessed as posing a high level of financial, reputational, legal and functional risk to UN-Women and to the achievement of its goals. In 2015, the UN-Women Audit Unit expanded the audit portfolio by initiating a process for conducting financial audits of projects implemented under the Direct Implementation Modality (DIM). Subsequent to endorsement by the Audit Advisory Committee, the Under-Secretary-General/Executive Director approved the 2015 annual workplan. During 2015, no challenges were encountered in discharging OAI's oversight responsibilities, which necessitated the provision of timely information to the Executive Board, per decision 2015/4.

A. Mandate

3. The dedicated UN-Women Audit Unit (the Unit) was created in March 2012, within UNDP's OAI as a result of a two-yearly Service Level Agreement between OAI and UN Women. During 2015, the Unit continued to provide internal audit services in accordance with the Entity's financial regulations and rules (UNW/2012/6, annex I) and OAI continued to provide reimbursable investigation services pursuant to the Service Level Agreement, signed on 6 December 2013.

4. Throughout 2015, OAI continued to be operationally independent of the management of UN-Women and exercised freedom in determining the scope of its audits and investigations in accordance with applicable international and generally accepted standards.

5. OAI confirms to the Executive Board that audits are performed in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors. In keeping with those standards, the work of the Unit is subject to rigorous review by the Quality Assurance and Policy Unit of OAI. Additionally, post-audit client surveys are conducted at the conclusion of each audit mission. In relation to audits conducted during 2015, the surveys indicated overall satisfaction with the Unit and the work performed.

B. Independent external oversight

6. The Audit Advisory Committee continued to provide advice to the Under-Secretary-General/Executive Director to promote and support the accountability framework, good governance and the effectiveness of the internal audit and investigation functions of UN-Women. In 2015, the Committee reviewed the 2015 annual workplan for the Unit and monitored its implementation through quarterly progress reports and meetings with the Director of OAI and the Chief of the Unit. In addition, the Committee reviewed and provided comments on the draft Annual Report for 2014 (UNW/2015/4).

7. The Unit communicated its annual workplan to the United Nations Board of Auditors to promote coordination and efficiency.

C. Risk-based audit planning

8. The 2015 audit plan was formulated after conducting a risk assessment of its auditable areas and obtaining the input of senior management, divisions and other stakeholders. The planning process included the systematic analysis of both quantitative and qualitative data in order to assess the financial, reputational, legal and functional risks relating to each of the auditable offices and units.

9. The audit plan was reviewed by the Audit Advisory Committee in December 2014 prior to its submission to and approval by the Under-Secretary-General/ Executive Director in January 2015.

10. The fieldwork for all audits included in the 2015 plan was completed as scheduled during 2015, with the exception of the audit of the UN-Women Country Office in Egypt, which was re-scheduled to 2016 due to a temporary reduction in available staff resulting from a medical emergency. The corresponding audit reports were also issued during 2015, with the exception of those reports relating to audit fieldwork completed in November and December 2015 (two country office and seven DIM project audits), which were issued in January and February 2016.

D. Audit reports issued

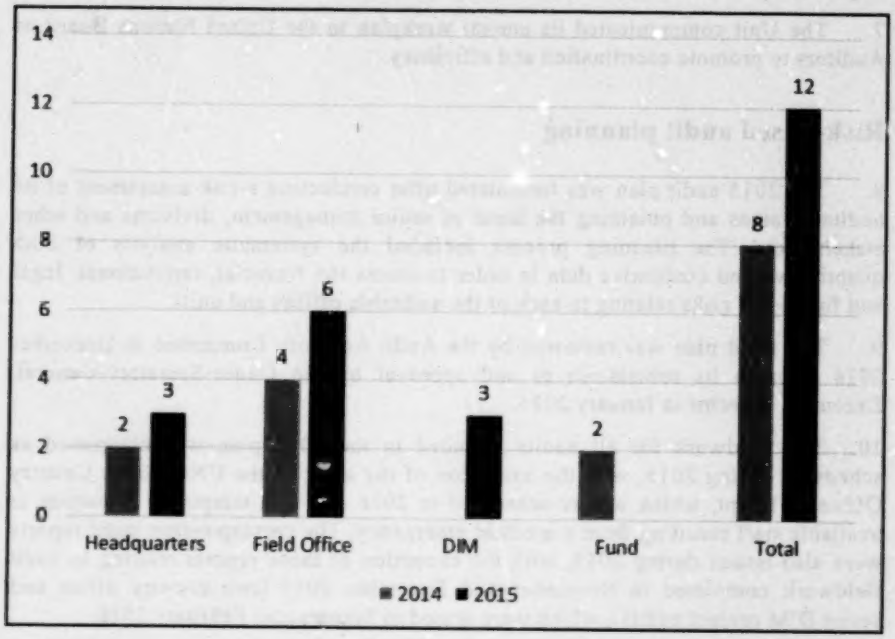
11. Audit reports for six field-based offices, three headquarters units and three DIM projects were issued in 2015. In accordance with decision 2013/4, annex I presents the titles of all internal audit reports issued in 2015 and their ratings. Of the 12 reports, three were related to fieldwork performed in 2014 and the remaining nine to fieldwork conducted in 2015.

12. All UN-Women reports issued since 2012 are available on the UN-Women audit disclosure website, at http://audit-public-disclosure.unwomen.org.

13. The audit reports issued in 2015 generally covered programmatic and operational activities carried out by UN-Women in 2014; hence, the results generally reflect the status of programmes and operations during 2014. The audits covered the programmatic and operational activities of the UN-Women offices or units and represented combined expenditures of some $53 million, or 20 per cent of the total expenditure of $270.5 million reported by the Entity in its financial report for 2014 (A/70/5/Add.12). The audit coverage for 2015 declined by 3 per cent in

comparison with 2014 (23 per cent), due to the allocation of Audit Unit resources to conduct three follow-up audits during 2015. These were in compliance with OAI's policy requiring that a follow-up audit be performed approximately one year after issuance of the original report for all audits resulting in an unsatisfactory rating. While the follow-up audits provide additional verification and assurance that action has been taken to remediate the risks identified, they are not included in figures on overall audit coverage.

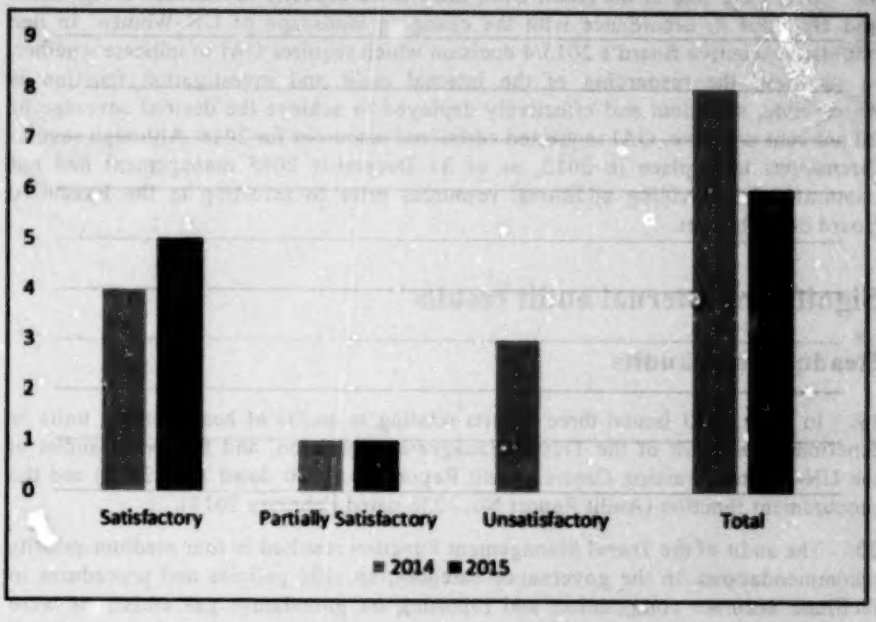
Figure I
Number and type of audit reports issued 2015-2014



E. Audit ratings

14. For the full scope audits of offices, units and functions (excluding DIM project audits), the Unit assigns an overall audit rating of "satisfactory", "partially satisfactory" or "unsatisfactory" based on its assessment of the governance, risk management and control processes. For the six full scope audits issued in 2015, none of the offices or units audited were assessed as unsatisfactory. One (17 per cent) was assessed as partially satisfactory, meaning that one or more issues that might negatively affect the achievement of its objectives were identified. The remaining five offices or units (83 per cent) were assessed as satisfactory, with no issues identified that might significantly affect the achievement of their objectives. Figure II provides a comparison of the audit ratings.

Figure II
Comparison of audit ratings for 2015 and 2014



III. Disclosure of internal audit reports

15. All audit reports issued in 2015 were publicly disclosed in accordance with Executive Board decision 2012/10 (see UNW/2012/16). All reports are subject to OAI's internal due diligence and quality assurance processes prior to issuance to management and the Member States concerned. Thirty days after issuance, all internal audit reports are publicly disclosed via the UN-Women public website at http://audit-public-disclosure.unwomen.org. Of the 12 reports issued in 2015, OAI partially redacted one audit report because it contained sensitive information regarding the country office's safety and security readiness and its information and communications technology infrastructure. No requests were received from any organization or Member State requesting the redaction of any other audit reports.

IV. Staffing and budget

16. In 2015, UN-Women Audit Unit resources were static, with four approved posts: one P-5 Chief, two P-4 and one P-3.

17. The Audit Unit had an overall budget of $1.5 million, representing an increase of some $0.1 million compared with the 2014 budget. Audit and investigations expenditure amounted to $1.4 million, which indicated underspending of the budget by 7 per cent. This was mainly attributable to the reduction in travel-related expenditure pertaining to the postponement of one country office audit.

Decision 2015/4: implications on audit and investigations resources

18. Given the size of the Audit Unit, there is no capacity to increase assignments and activities in accordance with the changing landscape of UN-Women. In line with the Executive Board's 2015/4 decision which requires OAI to indicate whether, in its view, the resourcing of the internal audit and investigation function is appropriate, sufficient and effectively deployed to achieve the desired coverage of 20 per cent or above, OAI requested additional resources for 2016. Although several discussions took place in 2015, as of 31 December 2015 management had not committed to providing additional resources prior to reverting to the Executive Board on its budget.

V. Significant internal audit results

A. Headquarters audits

19. In 2015, OAI issued three reports relating to audits of headquarters, units or functions; the Audit of the Travel Management Function; and follow-up audits of the UN-Women Training Centre (Audit Report No. 1230 dated June 2014) and the procurement function (Audit Report No. 1223 dated February 2014).

20. The audit of the Travel Management Function resulted in four medium-priority recommendations. In the governance category, specific policies and procedures to facilitate accurate computation and reporting on greenhouse gas emissions were recommended. The remaining three recommendations were in the general administration category and related to: the need to develop and implement processes for corporate oversight and monitoring of travel activities; the need for improved processes, controls and procedures relating to the payment of daily subsistence allowances to event and meeting participants; and the need to improve compliance with existing duty travel policies and procedures.

Figure III
Headquarters' follow-up audits: implementation status of recommendations

	Number of recommendations		
Audit report	*Original report*	*Outstanding at issuance of follow-up report*	*Outstanding as at 31 December 2015*
Report No. 1223 — UN-Women Procurement Function	12	2	1
Report No. 1230 — UN-Women Training Centre in the Dominican Republic	11	3	2
Total	**23**	**5**	**3**

21. As shown in Figure III, the headquarters' follow-up audits validated management's progress in implementing the recommendations made in the original audit reports. At the time of issuance of the follow-up audit reports, only 2 of the 12 recommendations remained outstanding for the audit of the procurement function (1 rated high and 1 medium) and only 3 (all rated high) of the 11 recommendations

for the Training Centre audit. As at 31 December 2015, management had fully implemented one additional recommendation under each of these audits.

B. Field office audits

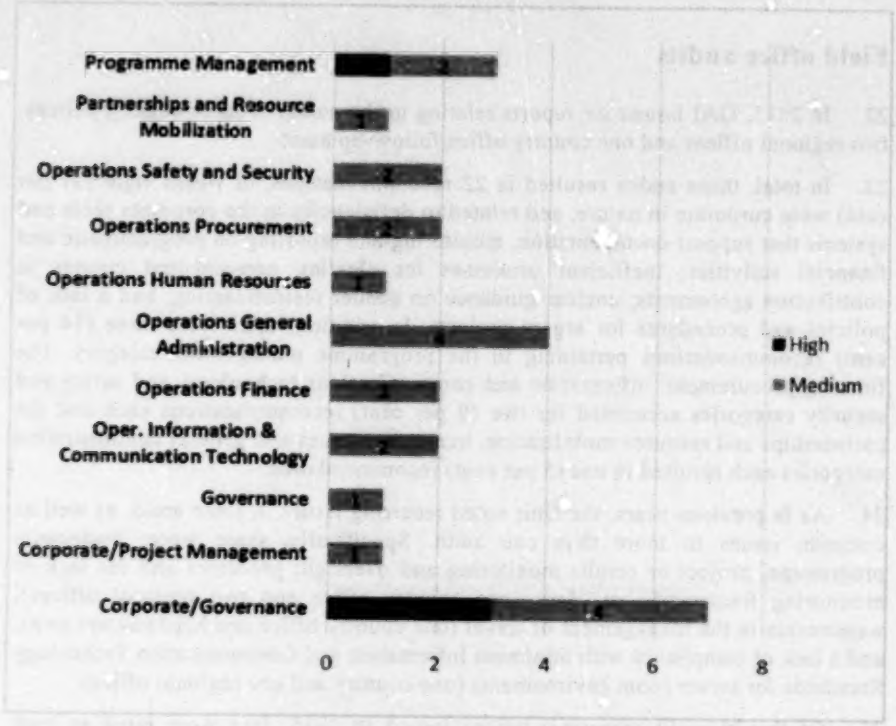
22. In 2015, OAI issued six reports relating to the audits of three country offices, two regional offices and one country office follow-up audit.

23. In total, those audits resulted in 22 recommendations, of which eight (31 per cent) were corporate in nature, and related to deficiencies in the corporate tools and systems that support documentation, monitoring and reporting on programmatic and financial activities; inefficient processes for clearing non-standard clauses in contribution agreements; unclear guidance on gender mainstreaming; and a lack of policies and procedures for urgent projects. In addition, there were three (14 per cent) recommendations pertaining to the programme management category. The finance, procurement, information and communications technology, and safety and security categories accounted for two (9 per cent) recommendations each and the partnerships and resource mobilization, human resources and general administration categories each resulted in one (5 per cent) recommendation.

24. As in previous years, the Unit noted recurring issues in some areas, as well as common issues in more than one audit. Specifically, these were: inadequate programme, project or results monitoring and oversight processes and the lack of monitoring frameworks or plans (one country office and two regional offices), weaknesses in the management of travel (one country office and headquarters unit), and a lack of compliance with minimum Information and Communication Technology Standards for server room environments (one country and one regional office).

25. Of the 26 audit recommendations issued in 2015, four were rated as high priority, requiring prompt action from management to ensure that UN-Women was not exposed to high risks. Figure IV indicates the distribution and prioritization of all recommendations issued in 2015.

Figure IV
Distribution and prioritization of audit recommendations



26. Of special mention is the number of audit issues indicating the need for greater corporate guidance and access to data and information to support effective and timely monitoring and oversight. This includes the lack of corporate systems to support results-based management, the lack of policies and procedures for "urgent" projects, and inadequate corporate policy, guidance and controls related to the payment of daily subsistence allowances to meeting participants.

27. According to an audit issued on 31 December 2015, 6 of the 26 recommendations made in 2015 had been fully implemented, 16 were in the process of being implemented and implementation had not yet begun for 4. Of the 20 outstanding recommendations, three (15 per cent) were rated as high priority.

C. Project audits

28. In 2015, OAI initiated a process for conducting financial audits of projects implemented directly by UN-Women, which are referred to as the Direct Implementation Modality (DIM) project audits.

29. According to OAI's mandate, DIM projects may be reviewed as part of the audit of a country office or other business unit or they may be audited separately through an external supplier managed by the Unit. In 2015, 10 DIM projects were audited. The audits were conducted in the last quarter of 2015, with 3 of 10 reports

having been issued prior to 31 December. The remaining seven reports were issued in January 2016. The combined audited expenditure for the three reports issued in 2015 is $3 million.

30. The three DIM audits issued in 2015 did not result in any recommendations and all received "unqualified" audit opinions.

VI. Follow-up on audit recommendations

31. The overall implementation rate of audit recommendations was 99 per cent as at 31 December 2015, which was 9 per cent higher than the performance target of 90 per cent set by UN-Women. This indicates sustained action by management on the audit issues raised and the recommendations made. This calculation is based on analysis of all reports issued by OAI from 1 January 2013 to 30 November 2015. There were five recommendations that had not been fully implemented for more than 18 months — of which two were high priority (see annex II for complete listing). In 2014, no recommendations had been outstanding for more than 18 months.

32. The two high-priority recommendations related to the UN-Women Training Centre. They required management to (a) perform an analysis to determine the Centre's mandate, mission, role and optimal location; and (b) ensure its sustainability through the development and implementation of a resource-mobilization strategy. Management has indicated that implementation of these two recommendations is resource intensive. All of the medium-priority long-outstanding recommendations were either implemented or in progress in 2016. One was implemented during the first quarter of 2016. The remaining two medium-priority recommendations required UN-Women to develop a corporate policy on the use and management of Special Service Agreements and to address weaknesses in the Grant Management System used by a Fund.

VII. Advisory services

33. The UN-Women Audit Unit continued to respond to requests for advice, information and detailed inputs received from UN-Women managers at headquarters and field offices. The advice covered a range of topics, including donor requests for information, changes to donor agreements and procurement contracts, contract structuring and retrieving project status/management data from ATLAS. The Unit also participated in the UN-Women Lunch and Learn programme, making an informational presentation on internal audit, the audit process, audit preparation and the Unit.

VIII. Investigations

34. In accordance with the Service Level Agreement, OAI provides investigation services covering allegations of fraud, corruption or other wrongdoing (including workplace harassment, the abuse of authority or prima facie evidence of retaliation against whistle-blowers) by UN-Women staff members, non-staff personnel and contractors.

A. Caseload

35. In 2015, OAI opened 19 new cases compared with 17 in 2014. OAI also carried over nine cases from 2014, bringing the total caseload in 2015 to 28, an 8 per cent increase to the total caseload for 2014 (26 cases), as shown in Figure V.

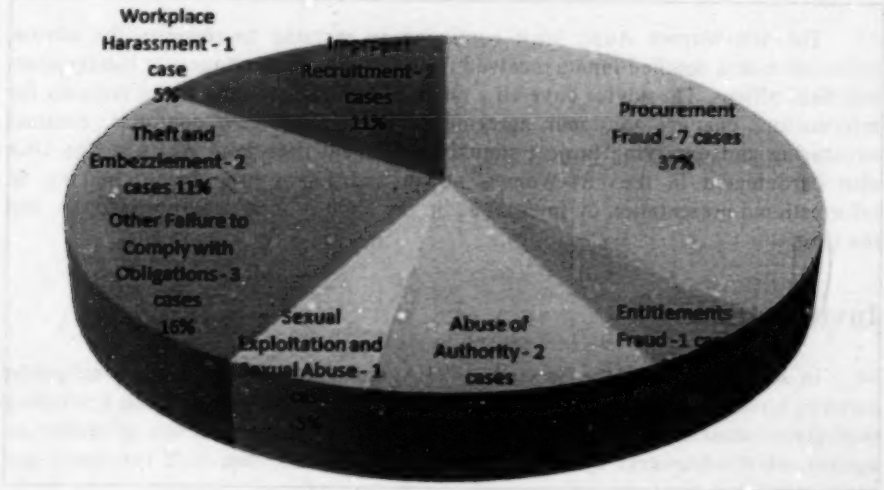
Figure V
Caseload in 2014 and 2015

Caseload	*2014*	*2015*
Carry-over as at 1 January	9	9
Intake during the year	17	19
Total	**26**	**28**
Closed (from cases carried over)	5	7
Closed (from intake)	12	11
Total	**17**	**18**
Carried over as at 31 December	9	10

B. Types of complaint

36. The 19 complaints received during 2015 are detailed in Figure VI. Complaints relating to financial irregularities — comprised of procurement fraud (7), theft and embezzlement (2) and entitlement fraud (1) — constituted 53 per cent of all cases received by OAI in 2015, a 6 per cent increase compared with 2014 (47 per cent).

Figure VI
Case intake by category, 2015


Workplace Harassment - 1 case 5%
Recruitment - 2 cases 11%
Procurement Fraud - 7 cases 37%
Theft and Embezzlement - 2 cases 11%
Other Failure to Comply with Obligations - 3 cases 16%
Sexual Exploitation and Abuse - 1
Abuse of Authority - 2 cases

37. Geographically, the 19 cases received in 2015 were from Sub-Saharan Africa (8) (comprised of Eastern and Southern Africa (4), Western and Central Africa (4)); the Arab States (6); Asia and Pacific (2); Americas and the Caribbean (1); Europe and Central Asia (1); and headquarters (1).

C. Cases resolved/closed

38. In 2015, OAI closed 18 cases: 10 after a preliminary assessment (compared with 15 in 2014) owing to insufficient evidence of wrongdoing to justify an investigation or because an investigation was not warranted, and 8 after investigation (compared with 2 in 2014). Of the eight cases closed after investigation, six resulted in a closure note, one case resulted in a closure report, and one case resulted in an investigation report.

39. The case that resulted in an investigation report was transmitted to the Division of Management and Administration pursuant to the requirements of the UN-Women Legal Framework for addressing Non-Compliance with United Nations Standards of Conduct.

Figure VII sets out the disposition of cases in 2014 and 2015.

Figure VII
Disposition of cases in 2014 and 2015

Action taken	*Cases in 2014*	*Cases in 2015*
After preliminary assessment		
Closed (investigation not warranted)	15	10
Subtotal	**15**	**10**
After investigation		
Closed (not substantiated)	1	7
Closed (substantiated — submitted to UN-Women Management)	1	1
Subtotal	**2**	**8**
Total	**17**	**18**
Investigation reports issued	2	1

D. Financial loss

40. One investigation report was issued during 2015, resulting in a substantiated financial loss for UN-Women amounting to approximately $12,248. The aggregate amount was comprised of payments for consultancy fees of $9,200 and funds of $3,048 that were evidenced as false and/or not supported by a deliverable. OAI recommended that UN-Women seeks to recover the amount from the implementing partner.

E. Cases carried forward

41. At the end of 2015, OAI had 10 open cases for UN-Women: 2 were at the assessment stage and 8 were under investigation.

IX. Opinion (decision 2015/4)

42. UN-Women's management is responsible for ensuring that UN-Women's governance, risk management and control remains adequate and effective. In accordance with UN-Women's oversight policy as part of UN-Women's accountability framework and Financial Rules and Regulations (UNW/2012/6), the United Nations Board of Auditors provides independent external oversight. This includes audits of UN-Women's financial statements and related financial procedures, accounting system, internal financial controls and the administration and management of UN-Women in general. The primary objective of the work performed by the United Nations Board of Auditors is to express an opinion on UN-Women's financial statements, which is different from the objective of the work carried out by OAI.

43. OAI provides, under a Service Level Agreement, independent internal oversight through internal audits on the adequacy and effectiveness of UN-Women's framework of governance, risk management and control. OAI's opinion is based on the audit reports issued between 1 January and 31 December 2015, the majority of which covered UN-Women activities in 2014. A concise summary of the audit work that supports the opinion is included in section V of this report and the supporting criteria are described in annex III.

44. In OAI's opinion, based on the scope of work undertaken, the adequacy and effectiveness of the governance, risk management and control in the audits issued in 2015 were in aggregate satisfactory, which means that they were generally established and functioning well. However, OAI would like to add the following: (a) the Executive Board should note that the opinion is based on an audit coverage of 20 per cent of the 2014 expenditures of UN-Women; and (b) 31 per cent of all audit recommendations were corporate in nature, relating to policy guidance and corporate support. This suggests that the focus needs to be on ensuring that such corporate issues are managed to avoid a negative impact on UN-Women.

45. The audit recommendation implementation ratio as at 31 December 2015 was 99 per cent, which is above the corporate target set by UN-Women. This demonstrates management's commitment to risk management and reduction and provides assurance that appropriate and timely action is taken, as and when improvements relating to governance, risk and control are necessary.

Annex I

Office of Audit and Investigations audit reports issued in 2015 pertaining to UN-Women

	Audit type	*Report no.*	*Audit subjects*	*Rating*[1]
Headquarters				
1	Compliance audit	1434	UN-Women Travel Management Function	Satisfactory
2	Follow-up	1435	UN-Women Procurement Function — Follow-up Audit	N/A
3		1438	UN-Women Training Centre in the Dominican Republic — Follow-up	N/A
Field-based Regional and Country Offices				
			East and South Africa	
4	General scope	1436	UN-Women Country Office in Tanzania	Satisfactory
5	Follow-up	1309	UN-Women Country Office in the Democratic Republic of the Congo — Follow-up — Follow-up Audit	N/A
6	DIM projects	1591	UN-Women Senegal — 81116 Fonds De Solidarité Prioritaire Muskoka	N/A
7		1595	UN-Women Sudan — Consolidating Efforts that Contribute to Gender Equality	N/A
			Arab States	
8	General scope	1307	UN-Women Regional Office for Arab States	Partially satisfactory
			Europe and Central Asia	
9	General scope	1437	UN-Women Country Office in Georgia	Satisfactory
10	DIM project	1592	UN-Women Kazakhstan — 89339 Central Asia Regional Migration Programme, Phase II	N/A
			Asia and the Pacific	
11	General scope	1308	UN-Women Regional Office for Asia and the Pacific in Thailand	Satisfactory
12		1439	UN-Women Country Office in Afghanistan	Satisfactory

DIM = direct implementation modality.

[1] In view of the nature of the audit or the limited audit scope, DIM financial audits and follow-up audits do not have an audit rating.

Annex II

Audit recommendations unresolved for 18 months or more

Recommendation	*Office/Unit Concerned*
Governance and strategic management	
1 Perform a detailed analysis of the Centre's ability to deliver within the existing context and use the analysis to determine the Centre's mandate, mission, role and optimal location. (R1230/2) (High)	UN-Women Policy Division (UN-Women Training Centre)
2 Maintain adequate funding for the Centre's resource-mobilization activities by (a) finalizing, approving and implementing a resource-mobilization strategy and a related plan to guide the Centre's resource-mobilization efforts; and (b) providing training to management on how to make resource mobilization a sustainable activity. (R1230/4) (High)	UN-Women Policy Division (UN-Women Training Centre)
Procurement operations	
3 The Procurement Section should strengthen the use and management of Special Service Agreements by (a) collaborating with the Human Resources Centre to develop a clear hand-over strategy, which takes into consideration the Procurement Section's need for adequate capacity and (b) ensuring that the Delegation of Authority Framework is amended to reflect the duties of the Procurement Section appropriately. (R1223/11) (Medium)	Procurement Section/ Office of Human Resources
Operational support provided by UNDP	
4 Sign a Service Level Agreement with UNDP Programme of Assistance to the Palestinian People covering the operational support services to be provided, the expected turn-around time frames, the responsibilities of both parties, and the fees attached to the services. (R1226/1) (Medium)	Occupied Palestinian Territories
Grantee management	
5 Perform an independent post-implementation review of all the deployed modules to evaluate the effectiveness of the system and its ability to support the Trust Fund and the Fund for Gender Equality in their daily activities. (R1227/2) (Medium)	Trust Fund to End Violence against Women

Annex III

Description of criteria that support OAI's opinion

1. In accordance with Executive Board decision 2015/4 of June 2015, OAI provided an opinion in this Annual Report, based on the scope of work undertaken and on the adequacy and effectiveness of the audited framework of governance, risk management and control (GRC). The summary of the audit work performed is provided in the body of the audit report, under section V. This annex is to provide a brief description of the criteria used to support OAI's opinion.

2. The results of the following audits are taken into account to support OAI's opinion:

(a) Audits of UN-Women country offices

(b) Audits of UN-Women headquarters functions or units; and

(c) Audits of UN-Women DIM projects

3. The distribution of 2015 audit results regarding the adequacy and effectiveness of the GRC at the audited Entity level is shown in Figures I and II in document 2016/4. This document shows the distribution of the audit reports that were issued by OAI in 2015 by type of audit rating: "satisfactory", "partially satisfactory" and "unsatisfactory".

4. In addition, the audit results are aggregated using the amount of expenditure covered by the audits undertaken in 2015. The result of this aggregation is then grouped by the three levels of audit rating used by OAI: "satisfactory", "partially satisfactory" and "unsatisfactory".

5. Adjustments were made when aggregating expenditure for the DIM projects because the scope of the DIM financial audits focuses on a financial certification of expenditure and therefore, these audits do not directly assess the GRC aspects of a UN-Women project. Nonetheless, they do provide indirect assurance about the UN-Women GRC. As such, OAI estimated that the results of the DIM financial audits give a 50 per cent assurance about UN-Women GRC.

6. This leads to two different distributions by audit rating: one presented by number of audit reports issued and the second by the amount of expenditure covered by the audits.

7. The distribution of audit ratings for 2015 is as follows:

Figure 1
Distribution of audit ratings

Rating	*By audited expenditure*	*By number of audit reports issued*
Satisfactory	92%	87%
Partially satisfactory	8%	13%
Unsatisfactory	0%	0%

8. For both types of actual distribution, the combined share of "partially satisfactory" and "unsatisfactory" ratings account for less than 50 per cent. In other

words, the majority of audited expenditures and the majority of audit reports issued in 2015 have a rating of "satisfactory".

9. The implementation rate of internal audit recommendations is also taken into consideration. The actual implementation rate of internal audit recommendations at the end of 2015 is 99 per cent, which is satisfactory when compared to the UN-Women's target of a 90 per cent overall implementation rate.

10. Consequently, based on the scope of work undertaken in 2015, in OAI's opinion, the adequacy and effectiveness of the Entity's framework of GRC were "satisfactory", which means that they were generally established and functioning well.

Annex IV

Management response to the Annual Report on Internal Audit and Investigations

1. The management of UN-Women recognizes and wishes to express its appreciation to the Office of Audit and Investigations of the United Nations Development Programme for their continued support to UN-Women through the independent audit assurance and investigation service they provide.

2. UN-Women is pleased to present its management response to the report of the Director of the Office of Audit and Investigations of the United Nations Development Programme (UNDP) on internal audit and investigation activities for the year ended 31 December 2015.

3. UN-Women acknowledges the key issues identified in section V of the report, "Significant internal audit results", and wishes to highlight below the improvements to operations and actions taken to address the recommendations. UN-Women further appreciates acknowledgement that the audit recommendation implementation ratio as at 31 December 2015 was 99 per cent.

Headquarters recommendations

Need for specific policies and procedures to facilitate accurate computation and reporting on greenhouse gas emissions

4. UN-Women has adopted the policy of the United Nations Greening the Blue, as applicable to the organization, to facilitate the accurate computation and reporting on greenhouse gas emissions. This is to be in line with all the UN Agencies and ensure consistency with the Strategic Plan for Sustainability Management in the United Nations system.

Need to develop and implement processes for corporate oversight and monitoring of travel activities

Need to improve compliance with existing duty travel policies and procedures

5. UN-Women implemented a dashboard tool to further enhance oversight and monitoring of the travel activities of the organization. The dashboard retrieves data from the corporate support system, i.e. Atlas, and presents the travel activities of each business unit across the organization. The travel data presented in the dashboard is globally accessible across UN-Women and used on a regular basis for analyses of travel transactions. It facilitates the follow-up of outstanding travel claims and ensures compliance with travel policies and procedures. This includes the monitoring of partially paid purchase orders, which undergo timely analysis and are closed.

Need for improved processes, controls and procedures relating to the payment of daily subsistence allowances to event and meeting participants

6. The revision of the Duty Travel chapter of the Programme and Operations Manual (POM) is under way to introduce, among others, more efficient processes and better controls on the payment of daily subsistence allowances to meeting participants. Currently, prepaid debit cards are issued to participants travelling to

New York for their daily subsistence allowance and terminal expenses. This has greatly reduced the transaction time and cost of creating and approving numerous one-time vendors and individual payments to meeting participants in Atlas. With the use of prepaid debit cards, only one invoice is received, processed and paid to the bank.

Field offices recommendations

Develop corporate tools and systems that support documentation, monitoring and reporting on programmatic and financial activities.

7. UN-Women has recently launched two new corporate monitoring tools: (1) Results Management System (RMS), and; (2) Procurement Dashboard. RMS has enabled field offices to link and report their programme activities and results against the Strategic Notes/Annual Workplan. The Procurement Dashboard is developed in two phases; phase one allows management to monitor the overall procurement activities and expenditures, and phase two focuses on forecasting, planning, sourcing in an online environment (e-procurement), and managing and administering contracts.

Improve the process of negotiating and providing clearances for non-standard clauses in contribution agreements in order to better support field offices; Implement a corporate process to track non-standard clauses in contribution agreements and adjust resources and activities to meet donor requirements

8. UN-Women has taken actions to improve the process of negotiating and providing clearances for non-standard clauses. An online non-standard agreement system will be launched in 2016 which will clearly outline the roles and responsibilities of offices. The Leads Management System launched in April 2016 provides better support to offices throughout the negotiation process and engagement with donors to ensure that non-standard clauses are eliminated. UN-Women also released a Donor Agreement Handbook in March 2016 intended to increase the understanding of donor agreement clauses and help field offices in negotiations with donors.

Provide clear guidance to Country Representatives by aligning all documents guiding UN-Women on gender equality and women's empowerment

9. UN-Women is building on the findings of the corporate formative evaluation of the implementation of its UN coordination mandate. The evaluation is currently being finalized and will be presented to the Executive Board at its second regular session for 2016. UN-Women management response to the evaluation will include the update of the existing strategy for implementing the Entity's coordination mandate, and ensuring the consistency and alignment of relevant guidance.

Develop and disseminate policies and procedures for engaging in activities on an "urgent" basis or in a crisis environment.

10. UN-Women has formed a working group and developed the fast tracking concept note in response to urgent projects. In collaboration with Human Resources, a surge capacity roster in response to emergency and crisis situations is being developed.

Recurring issues

Programme management

11. UN-Women has taken actions to introduce more rigour into the capacity assessment and selection of implementing partners. These actions will be reflected in the forthcoming revised Programme and Operations Manual. Oversight and monitoring of project advances to implementing partners have likewise been strengthened. Challenges experienced with partners have been identified and dedicated support in the recovery of long-outstanding advances has been instituted. A partner training kit has been developed to be used by field offices when training implementing partners to ensure good understanding of the management, monitoring and reporting procedures on the use of resources to achieve the intended results. Finally, automated aged partner advance reports were launched in April 2016, which are made available across the organization to monitor the long-outstanding advances and facilitate the conduct of necessary follow-up actions.

12. UN-Women launched the new Results Management System (RMS) in 2015 to enable field offices to link their programmes to the Strategic Notes/Annual Workplan and to report on their annual results. RMS provides standardized reports on activities and outputs in the Strategic Notes/Annual Workplans on an individual (by country offices) and on an aggregated basis (by regions). UN-Women also strengthened staff capacity for quality and timely reporting. The midterm review of the annual workplan used both the Organizational Effectiveness and Efficiency Framework (OEEF) and the Development Results Framework (DRF) to better capture results.

13. To ensure the timely allocation of funds and donor reporting, the Donor Agreement Management System (DAMS) was rolled out in 2016 to enable donor agreements, reporting milestones and revenue tranches to be easily searched. Headquarters has organized the necessary training sessions for field office and Headquarters personnel on the functionalities of the system. Additionally, a donor relations officer has been recruited to provide support and quality assurance of donor reporting to the regional offices and country offices.

Lack of compliance with minimum Information and Communications Technology (ICT) Standards

14. The relevant UN-Women offices have implemented most of the recommendations to comply with the UN-Women ICT Infrastructure and Telecommunications standards to ensure safe and secure information systems. The required fire suppression system has been procured for installation. The offices have put in place a system for the monthly backup of data files that are stored at a neighbouring country office.

Audit of projects under Directly Implementation Modality (DIM)

15. UN-Women is pleased to receive unqualified opinions with no recommendations on all audit reports issued in 2015 for projects under DIM.

Follow-up audit recommendations

Governance and strategic management (UN-Women Training Centre in the Dominican Republic)

16. UN-Women has initiated a review of the UN-Women Training Centre's (Training Centre) operations and will engage a consultant to proceed with further analyses. The consultant will develop a global training strategy to maximize the efficiency, effectiveness and impact of resources dedicated to the Training Centre as a knowledge-hub and in support of UN-Women's corporate strategy, mandate and goals. Following the completion of the detailed analyses, the Training Centre's mission, mandate, location and role will be determined.

Procurement operations

17. The management of Special Service Agreements (SSAs)/Consultants in headquarters will be centralized within the Human Resources Division and an additional post (at GS-7 level) is being advertised to manage the process. A consultant will also be engaged to develop revised policy on consultancy management, taking into account the recent developments within the UN system in relation to the use of non-staff contracts. Funding has been secured for both the post and the consultant.

Operational support provided by UNDP

18. A Service Level Agreement with the UNDP Programme of Assistance to the Palestinian People has been signed effective 11 February 2016 to cover the operational support services provided to the UN-Women Palestine Office.

Grantee management

19. UN-Women has engaged the services of a consultant to address issues noted during the initial phase of implementation of the Grants Management System (GMS) and to develop further enhancements to the system. As such, UN-Women has decided that it will be more cost-effective and strategic to perform a final independent review of the GMS after all additional enhancements to the existing modules have been completed.